EXHIBIT A

Anthony Angelo

From: Larry Phelan [larry.phelan@fedphe.com]
Sent: Thursday, March 31, 2005 8:50 AM
To: Anthony Angelo (E-mail)
Cc: Francis Hallinan; Dan Schmieg; Dan
Subject: Aracor and LTS Developments
Importance: High
Sensitivity: Confidential

Hello Tony:

One of the best books we ever distributed is "Who Moved My Cheese?". This easy to read book is so applicable to our business model in the ever changing foreclosure/bankruptcy industry. Years ago, Freddie Mac asserted its investor rights over law firms nation-wide and instituted strict time frames. Law firms had to and continue to perform to the highest standards for the prized designated counsel status. Federman & Phelan had to change over night or go out of business. Through hard and smart work, we adapted quickly and became one of the premiere mortgage foreclosure firms in the country.

We are now experiencing another significant change in our industry. In-house client default operations are being turned over to First American and Fidelity. These two (2) title giants are outsourcing the foreclosure and bankruptcy referrals to law firms for a price, a high price. (It is important to note that these outsource costs have never been passed on to our title vendors, nor has the law firm asked for contribution). Additionally, they are looking for other income streams to help off set the high cost of running on site default operations. So, what do they know best? Title.

So, the title world has changed dramatically in the last two years, and *drastically* in just the last 9 months. Our prized title revenue has been and will continue to be under attack. So what do we do? We change. We have to change. We have to realize that the cheese has been moved and re-invent ourselves to protect our income streams.

Importantly, Philadelphia and many other counties are going "on-line" with their recording information. Suddenly, the valuable ability to obtain title work is not as difficult (or valuable). With the triple combination of (1) mortgage banking consolidation, (2) title outsource ventures, and (3) on-line availability of recording information, the large title companies and servicers now control the title world. Large regional title search companies are suddenly dinosaurs. (This is why First American had no interest in purchasing Aracor. They're not interested in buying old ways of doing things.)

At the same time, the nature of our law firm has changed. Federman & Phelan was a firm with two (2) equity partners for years and years. Now; Phelan Hallinan & Schmieg has three (3) equity partners and four (4) non-equity partners, with more associates looking to enhance their status. As important and key to the law firm's success is a core group about twelve (12) middle managers, who are viewed as valued colleagues, all of whom are responsible for bringing in and keeping the legal work that creates the vendor related work, whether it is title, service, investigations, closings etc.

The changes in the industry with outsource fees and other mandatory costs all cut deep into the law firm's margins and leave the title area as one of the last areas of profit. We therefore must rearrange our business model to benefit everybody. Accordingly, on a go-forward basis, First American is directing all PHS law firm related foreclosure title requests to LTS, which will then distribute title report orders to its vendors, of which Aracor is one.

Land Title Services, (LTS), a company fully controlled and managed by the law firm, was established in the beginning of the year and has moved quickly to adapt to the new title business environment. The goal was to implement a radical new approach to the title product process. Rather than use independent searchers for most of the state and retain a large employee workforce to review, manage and deliver the products, the company reversed the process. LTS outsources almost all of the typing work to India. LTS, in conjunction with Foreclosure Review Services ("FRS") hired a large number of court house abstractors as employees and positioned them throughout the state to handle a high volume of search work, resulting in a very low price per search. Then, LTS management instituted a business process utilizing local and India personnel to electronically process the work overseas and at night. The result is a great product at tremendous pricing with terrific turnaround time. Not only is the search work much less expensive than that charged by Aracor (or any other title search vendor), the expected turnaround time once fully operational is

about three (3) to five (5) business days of a typed and examined product. It is delivered electronically and in paper form at no extra cost. Most important, under this new process, LTS is making more than four (4) times the profit of Aracor, and with less than 80% the number of employees. Accordingly, this is our new law firm-title operation business model. It would be stupid to do anything else.

Aracor has been a good title search vendor to the firm in a different time. No question. But times have changed, title has changed and our law firm has changed. It is my hope that Aracor can continue to be of value to our firm operation, although in a different capacity. Hopefully, Aracor will be able to adapt to the new realities and reinvent itself quickly. Regardless, its role as the firm's exclusive provider of title services is no longer appropriate.

Tony, it is necessary for Aracor to change and fast. PH&S title work will be primarily channeled through LTS. This makes the most financial sense. Because we have changed our law firm-title model, we appropriately have taken the following steps to help reduce Aracor expenses: salaries to Frank Hallinan, Dan Schmieg and Tom Federman are no longer; and Aracor contributions for lobbying and marketing have been discontinued (note: if Aracor wishes to continue to be supported by PH&S' MIS Department, the $6,600.00 monthly assessment will remain in place. PH&S' MIS Department will continue to assist Aracor until 12/31/05 and will help in the selection process of Aracor's future MIS personnel). This cost savings measure total $450,000.00 per annum.

Tony, what steps should you take to protect your income and Aracor? Frankly, there must be and should be an immediate reduction in staff. Aracor's present employee expense is almost 50% of all corporate expense. Aracor now has, at minimum, double the employees it needs for the new volume of referrals. Further cuts should be instituted immediately to take advantage of the new efficiencies of the market, including the India capability. (In fact, First American has over 1000 people employed in India and is available for direct referral of title work in all stages.) This will require a good bit of hard work and analysis, reinventing the company from the bottom up. Every step of the process, from what happens when an order comes in, to how it is outsourced, examined, typed and delivered, needs to be re-examined from scratch. The goal should not be how many employees to cut, but how many to keep and why? Simply put, I submit that Aracor can operate with less than 25% of its current staff tomorrow and make more money than ever. This should certainly be the immediate goal.

Let's get together after the lobbyist depart. 1:30 is a good time for us. Please confirm.

Larry, Frank and Dan